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May 21, 2007

**CONFIDENTIAL FILING**

Magistrate Judge Mary Pat Thyng  
 United States District Court for the  
 District of Delaware  
 844 North King Street  
 Wilmington, DE 19801

**Re: Sokolove v. City of Rehoboth Beach, Delaware  
C.A. No. 05-514 (KAJ)**

Dear Judge Thyng:

Please accept this correspondence as Plaintiffs' status report in the above referenced matter. As Your Honor may recall, at the end of the mediation session on May 7, 2007, you suggested binding arbitration as a possible method for resolving one of the remaining issues in the case - Plaintiffs' attorneys' fees.

Plaintiffs remain amenable to binding arbitration in this matter, and see no need to further burden this Court with a hearing to determine attorneys' fees. However, and much to our disappointment, Defendants have informed Plaintiffs that arbitration is not acceptable, but that they would agree to yet another mediation - for a third time.

Plaintiffs are not amenable to a third mediation as there are no new issues to be mediated. Indeed, all of the issues at hand have already been discussed at great length during our past two mediation sessions. Adding to the frustration, and as Your Honor is aware, the City did not provide its former or present counsel with any settlement authority in regard to attorneys' fees at our two prior mediation sessions. Moreover, the City's insurance carrier has offered less than one-third of the actual legal expenses and costs incurred by our client to date, despite the fact that the City only agreed to settle this matter after our client incurred discovery expenses. Importantly, the majority of these fees and expenses were incurred by our clients after Judge Jordan's preliminary findings of discrimination by the City which rose to the level of a Constitutional violation.

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With respect to the amendment to section 74-16, it is the understanding of Plaintiffs that the amendment has been brought to the attention of City officials but has not been placed on any City Council agenda for actual consideration. Obviously, this is also of great disappointment to our clients. By not promptly moving forward with a public hearing and vote upon what was agreed to at our last mediation session, the City demonstrates yet again it's unwillingness to conduct its public business in accordance with our prior settlement agreement, let alone within acceptable Constitutional parameters.

In sum, we remain frustrated with the City and its delay tactics through-out this case which have successfully delayed a final resolution in this matter for years. Setting aside the frustration, we remain willing to submit this matter to a binding arbitration as suggested by Your Honor at the conclusion of our second mediation session. Alternatively, we respectfully request this matter be assigned to a new Judge as we discussed at our last meeting.

Respectfully submitted,

/s/ Shawn P. Tucker

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